

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Scott Post Office
Scott, Mississippi 38772

Docket No. A2012-3

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(November 29, 2011)

On October 5, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked September 27, 2011 from postal customers on behalf of the Scott Action Committee of Concerned Citizens (Petitioners), objecting to the discontinuance of the Post Office at Scott, Mississippi. On October 6, 2011, the Commission issued a Form 56, Notice of Filing under 39 U.S.C. § 404(d). On October 7, 2011, the Commission issued Order No. 899, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 899, the administrative record was filed with the Commission on October 20, 2011 and was replaced with a revised version filed on November 3, 2011. Petitioners filed a Participant Statement on November 9, 2011. The following is the Postal Service's answering brief in support of its decision to discontinue the Scott Post Office.

The appeal received by the Commission on October 5, 2011, raises four main issues: (1) the effect on postal services, (2) the impact upon the Scott community, (3) the economic savings expected to result from discontinuing the Scott Post Office, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. Additionally,

consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues. Accordingly, the determination to discontinue the Scott Post Office should be affirmed.

Background

The Final Determination to Close the Scott, MS Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the Scott Post Office provides EAS-11 level service to 96 Post Office Box and general delivery customers, and no other delivery customers. The office is open for 36 hours per week.² The Postmaster of the Scott Post Office retired on April 30, 2010. A career employee was installed as the temporary officer-in-charge (OIC).³ Upon implementation of the Final Determination, the OIC will return to her official position at the Greenville Post Office.⁴ The average number of daily retail window transactions at the Scott Post Office is 26. Revenue has declined: \$22,450.00 in FY 2008 (59 revenue units); \$20,798.00 in FY 2009 (54 revenue units); and \$14,476.00 in FY 2010 (38 revenue units).⁵ The Scott Post Office has one meter customer and no permit customers.⁶ Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery under the administrative responsibility of the Benoit Post Office, an EAS-13 level office located approximately six miles away, which has 131 available P.O. Boxes.

¹ See 39 U.S.C. 404(d)(2)(A).

² In these comments, specific items in the administrative record are referred to as "Item ____." FD at 2; Item No. 41, (Form 4920) Revised Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1

³ Item No. 15, Post Office Survey Sheet, at 1.

⁴ FD at 2 and 5-6.

⁵ FD at 2; Item No. 41, Revised Fact Sheet, at 1; Item No. 41, Proposal, at 2.

⁶ FD at 2; Item No. 41, Revised Fact Sheet, at 1; Proposal at 2.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Scott Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to P.O. Box customers of the Scott Post Office. Questionnaires were also available over the counter for retail customers at Scott.⁷ A letter from the Manager of Post Office Operations, Jackson, MS, was also made available to postal customers. The letter advised customers that the Postal Service was evaluating whether the continued operation of the Scott Post Office was warranted, and that effective and regular service could be provided through rural route service and retail services available at the Benoit Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route service delivery.⁸ The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Scott Learning Center for a community meeting on March 24, 2011, to answer questions and provide information to customers.⁹ Customers received formal notice of the Proposal and FD through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Scott Post Office and the Benoit Post Office from April 26, 2011

⁷ FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Scott Post Office, at 1.

⁸ Item No. 21, Letter to Customer, at 1.

⁹ FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Proposal, at 2.

to June 27, 2011.¹⁰ The FD was posted at the same two Post Offices beginning on August 30, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.

In light of a postmaster vacancy, minimal workload, low volume, declining revenue,¹¹ the variety of delivery and retail options (including the convenience of rural contract route service delivery and retail service),¹² no recent growth in the area,¹³ minimal impact upon the community, and the expected financial savings,¹⁴ the Postal Service issued the FD.¹⁵ Regular and effective postal services will continue to be provided to the Scott community in an effective manner upon implementation of the Final Determination.¹⁶

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Scott Post Office on postal services provided to Scott customers. The closing is premised upon providing regular and effective postal services to Scott customers.

The Petitioners, in their letter of appeal and Participant Statement, raise the issue of whether the Postal Service can continue to provide a maximum degree of effective

¹⁰ FD at 2; Proposal at 6.

¹¹ See note 5 and accompanying text.

¹² FD at 2-6; Proposal, at 2-6.

¹³ Item No. 16, Community Survey Sheet.

¹⁴ FD at 2 and 4-6; Item No. 17, Highway Contract Route Cost Analysis; Item No. 41, Revised Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 1-2; Proposal at 2 and 5-6.

¹⁵ FD at 2-6.

¹⁶ FD at 2.

and regular postal services to the Scott community, noting the convenience of the Scott Post Office and requesting its retention. The Petitioners expressed particular concern the impact closing the Scott Post Office would have on local businesses, particularly the Monsanto Company, and the citizens of Scott. Each of these concerns was considered by the Postal Service.

The effect of the closing of the Scott Post Office on the availability of postal services to Scott residents was considered extensively by the Postal Service.¹⁷ Upon implementation of the Final Determination, services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier.¹⁸ Customers opting for carrier service will not have to pay post office box fees.¹⁹ However, the costs related to mailbox installation, as a result of carrier service, was an issue raised by Petitioners.²⁰ Customers are only required to erect a mailbox if they would like carrier service. They are responsible for mailbox installation and maintenance. Mailboxes must be placed so that they may be safely and conveniently served by the carrier and should conform to state laws and highway regulations. Petitioners mentioned concerns regarding the effects of weather damage on mailboxes. While not directly addressed in the record, the Postal Service notes that safety of customer access is routinely considered in connection with curbside delivery. Specifically, Postal Operations Manual § 631.32 provides that “Delivery may be provided to boxes at the curb so they can be safely and conveniently served by the

¹⁷ FD at 2-6; Proposal at 2-6.

¹⁸ FD at 2-6; Proposal at 2-6; Item No. 21, Notice to Customers, at 4.

¹⁹ FD at 4; Proposal at 5.

²⁰ Petitioners’ Statement at 6.

carrier from the carrier's vehicle, and so that customers have reasonable and safe access. Mail receptacles may be grouped, two to a property line where possible."

Petitioners also expressed concern about senior citizens. The record explains, however, that carrier service is beneficial to many senior citizens and those who face special challenges because they do not have to travel to the Post Office for most services.²¹ They have the option of meeting the carrier at the box to transact business, although it is not always necessary to be present to conduct most Postal Service transactions.²² Special provisions are made for hardship cases or special customer needs. Customers may contact the postmaster at the Benoit Post Office for more information about requesting an exception for hardship delivery.²³

Customers expressed concern over the dependability of rural route service emanating from the Benoit Post Office, including the time of delivery. The Postal Service explained that rural carriers have earned the respect of the American public through many years of dedication to the Postal Service and to postal customers and that during national and local emergencies, including prolonged periods of extreme weather conditions, rural carriers have demonstrated great responsibility in providing mail service to postal customers.²⁴ Postmasters also monitor mail volume to determine and correct any delays in mail delivery. Further, the Postal Service takes into consideration the additional workload for the carrier service and does not expect any delays in delivery times.

²¹ FD at 3; Proposal at 3.

²² FD at 3-4; Proposal at 3 and 5.

²³ FD at 3; Proposal at 3.

²⁴ FD at 3; Proposal at 3.

The issue of mail security was raised during the feasibility study and addressed in the administrative record.²⁵ The Postal Service researched this risk and found that there only has been one report of vandalism in the area.²⁶ Customers were advised that they can put a lock on their mail box as long as the slot is large enough to accommodate their normal mail volume.²⁷

Petitioners expressed concern over how the closing of the Scott Post Office would affect the hunters who came into the area and the Monsanto Company. The Postal Service has considered the impact of closing the Scott Post Office upon the provision of postal services to Scott customers as well as businesses, and has concluded that the Scott customers will continue to receive regular and effective services. Carrier delivery will be made to roadside mailboxes close to customers' residences. In addition to carrier service, customers may opt for Post Office Box service at the nearby Benoit Post Office. There are 131 Post Office Boxes available.²⁸ If hunters are seasonal, they normally do not have a P.O. Box. If they had general delivery, the general delivery could continue at Benoit or another office. The Monsanto Company is currently a P.O. Box customer, but, if the Scott Post Office is closed, the Monsanto Company can determine which delivery alternative such as carrier service or P.O. Box would best suit its business needs.

Thus, the Postal Service has considered the impact of closing the Scott Post Office upon the provision of postal services to Scott customers.

²⁵ FD at 3 and 4; Proposal at 3 and 5.

²⁶ Item No. 14, Inspection Service/local law enforcement vandalism reports.

²⁷ FD at 3; Proposal at 3.

²⁸ FD at 2; Proposal at 2.

Effect Upon the Scott Community

The Postal Service is obligated to consider the effect of its decision to close the Scott Post Office upon the Scott community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Scott is an unincorporated rural community located in Bolivar County. The community is administered politically the Bolivar County Board of Supervisors and a county administrator. Police protection is provided by the Bolivar County Sheriff Department and fire protection is provided by the Scott Volunteer Fire Department.²⁹ The community is comprised of retired people, farmers/ranchers, and those who commute to work at nearby communities and work in local businesses.³⁰ The questionnaires completed by Scott customers indicate that, in general, they may travel elsewhere for some supplies and services.³¹

²⁹ Petitioners correctly note that Item No. 16, Community Survey Sheet, lists the local government, police protection, and school district as administered by Washington County. While the Postal Service does correctly identify the administrative county as Bolivar in the FD, it did not correct the local government and police protection as administered by Bolivar County. The Post Office Coordinator has been made aware of this error; however, it is not consequential to the findings in the FD.

³⁰ On page 5 of their Petition for Review, Petitioners state that the community is made up of “PhD’s, other scientific researchers, highly skilled technicians, business owners, other professionals as well as employed workers, some of who are commuters, and a few retirees.” The Postal Service does not intend its description of the community to be exhaustive. FD at 4; Proposal at 5; Item No. 16, Community Survey Sheet at 1. Moreover, the Postal Service notes that Petitioners’ statement is contradicted elsewhere, in Mr. and Mrs. Jackson’s Participant Statement: “Most of Scott’s population consist[s] of retirees and senior citizens that live on fixed incomes....”

³¹ See generally FD at 6; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 1-95.

The Petitioners' letters raise the issue of the effect of the closing of the Scott Post Office upon the identity of the Scott community. This issue was considered by the Postal Service, as reflected in the administrative record.³² The Postal Service recognizes that a community's identity derives from the interest and vitality of its residents and their use of its name. The Postal Service is helping to preserve community identity by continuing the use of the Post Office name and ZIP Code in street addresses and in the National Five-Digit Zip Code and Post Office Directory.³³ Communities generally require regular and effective postal services and these will continue to be provided to the Scott community. In addition, the Postal Service has concluded that nonpostal services provided by the Scott Post Office can be provided by the Benoit Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies.³⁴

Customers also expressed a concern that the loss of the Post Office would have a detrimental effect on the business community.³⁵ There is no indication that the Scott business community will be adversely affected. Businesses generally require regular and effective postal services and these will continue to be provided to the Scott

³² FD at 2 and 6; Item No. 41, Proposal, at 2 and 6.

³³ FD, at 2; Item No. 41, Proposal, at 2.

³⁴ FD at 4; Proposal at 5.

³⁵ Petitioners suggest that the Postal Service erred in listing the number of schools, churches, organizations and businesses as zero. Even though a zero was inadvertently inserted in the tally of these facilities, the Postal Service did list six major businesses and two churches. While it may have erred in not noting the additional four businesses listed by Petitioners located in the service area, the inclusion of these businesses to those already considered by the Postal Service would not affect its ability to provide regular and effective services to them.

business community. The questionnaires completed by Scott customers indicate that, in general, they will continue to use local businesses if the Scott Post Office is closed.³⁶

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Scott Post Office on the community served by the Scott Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route delivery service would cost the Postal Service less than maintaining the Scott Post Office and would still provide regular and effective service.³⁷ The estimated annual savings associated with discontinuing the Scott Post Office are \$46,319.³⁸

The Petitioners' letters of appeal suggest strategies that might reduce cost at the Scott Post Office, such as entering into a no rent lease with the Monsanto Company. The Postal Service has broad experience with similar options. However, in this case, it has determined that carrier service, coupled with service at the nearby Benoit Post Office, is a more cost-effective solution than maintaining the Scott postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations..

³⁶ FD at 2-3; Proposal, at 2-3; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 1-95.

³⁷ Item No. 21, Letter to Customer, at 1.

³⁸ Item No. 15, Postal Office Survey Sheet, at 2. FD at 5; Proposal, at 6.

In their Participant Statement, Petitioners state that it is their understanding that a Post Office can not be closed because of declining revenue. Here, however, a variety of factors informed the decision to discontinue the Scott Post Office, including a postmaster vacancy, minimal workload, low volume, declining revenue,³⁹ the variety of delivery and retail options (including the convenience of rural contract route service delivery and retail service),⁴⁰ no recent growth in the area,⁴¹ minimal impact upon the community, and the expected financial savings.⁴² Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.” In this case, the Postal Service analyzed, among other factors, the Scott Post Office’s workload and revenue. The consideration of an office’s workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

³⁹ See note 5 and accompanying text.

⁴⁰ FD at 2-6; Proposal, at 2-6.

⁴¹ Petitioners point to the Monsanto Companies’ investment in new buildings such as a computer center, greenhouse and laboratories in the Scott Community in addition to the reopening of the Lake Bolivar Gin. Despite all of these installations, revenue at the Post Office continues on a downward path. Moreover, there is no evidence that this new construction will have such an impact or result in a substantial population growth sufficient to warrant preservation of the Scott Post Office. Item No. 16, Community Survey Sheet.

⁴² FD at 2 and 4-6; Item No. 17, Highway Contract Route Cost Analysis; Item No. 41, Revised Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 1-2; Proposal at 2 and 5-6.

Petitioners state that the Postal Service should not have used career Postmaster salary in the economic savings calculation because Post Offices have operated with OICs for years. The economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Scott Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Thus, it was appropriate to use a career Postmaster's salary in the calculation because the career position would have ultimately been filled if the Scott Post Office had not been identified as a candidate for discontinuance.

Petitioners question why Item No. 17, Route Cost Analysis is filled out with all zeros. Delivery already emanates out of the Benoit and the Postal Service does not know at this time how many customers will choose rural delivery service over a P.O. Box. The Postal Service estimates the cost of alternate replacement service by calculating the cost of delivering additional boxes and adding miles to a route. Thus, the Postal Service considered the alternate replacement service costs.

The Petitioners also question the closing of the Scott Post Office instead of one of the other nearby Post Offices. The Postal Service explained in the administrative record that Post Offices are reviewed on a case-by-case basis.⁴³ When there is a vacancy in a small office, it is customary to conduct a study of the business activity and

⁴³ FD at 3; Proposal at 3.

investigate the feasibility of providing service by alternative means.⁴⁴ In this case, it was determined that the Postal Service could continue to provide a maximum degree of effective and regular postal services to the community while realizing an estimated cost savings of \$46,319 annually after discontinuation of the Scott Post Office.⁴⁵

In the Participant Statement, Petitioners challenge the FD on grounds that the small amount of savings that will be achieved by discontinuing the Scott Post Office. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together with other initiatives.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).⁴⁶

The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. Petitioners expressed concern that the OIC would be adversely affected by closing the Scott Post Office. Postal Service understands and is sympathetic to the Petitioners' concern, but is also charged with responsibility to promote efficiency of operations. The

⁴⁴ FD at 3 and 6; Proposal at 3 and 6.

⁴⁵ FD at 3 and 5-6; Proposal at 3 and 6.

⁴⁶ FD at 6; Proposal at 6.

Postmaster retired on April 30, 2010. A career employee was installed as the temporary officer-in-charge (OIC).⁴⁷ Upon implementation of the Final Determination, OIC will return to her official position at the Greenville Post Office.⁴⁸ The record shows that no career employees would be adversely affected by this closing.⁴⁹

Therefore, in making the determination, the Postal Service considered the effect of the closing on the career employees at the Scott Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Scott Post Office on the provision of postal services and on the Scott community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Scott customers.⁵⁰ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. §

⁴⁷ Item No. 15, Post Office Survey Sheet, at 1.

⁴⁸ FD at 2 and 5-6.

⁴⁹ FD, at 2 and 5; Item No. 15, Post Office Survey Sheet, at 1; Proposal, at 2 and 6.

⁵⁰ FD at 6.

404(d)(2)(A). The Postal Service's decision to close the Scott Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Scott Post Office be affirmed.

Respectfully submitted,

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